

Legislation Ends Health Insurance Exemption from Anti-Trust Laws, Allows Federal Enforcement of Consumer Protections

February 24, 2010

WASHINGTON, DC— Today, Congressman Joe Sestak (PA-07) voted for the “Health Insurance Industry Fair Competition Act,” H.R. 4626, which passed the House of Representatives by a vote of 406-19. The bill will prevent the insurance companies from abusing their concentrated market share to increase profits at the expense of Americans by ending the blanket exemption from federal anti-trust laws that health insurers currently receive.

"I believe that greater competition between insurers will benefit Pennsylvania's working families by reducing the cost of insurance in the long run and this bill takes more steps towards creating that competition," said Congressman Sestak. "In Southeastern PA, one insurer has recently controlled as much as 74% of all insurance plans; statewide two plans dominate the marketplace. This bill gives the federal government more authority to investigate the worst abuses of the monopolistic insurance industry and protect consumers from price fixing and other sorts of collusion."

Without reform, the insurance industry will remain exempt from most regulations against anti-competitive practices under the current anti-trust law, commonly known as the McCarran-Ferguson Act. This bill eliminates this exemption, specifically outlawing actions in direct opposition to a fair and competitive marketplace. The existing exemption was initially

provided to help insurers share information to better evaluate risk; doing so reduces barriers to entering the insurance market, which allows for more competition. Nevertheless, the exemption ends up limiting the ability to prosecute clear instances of anti-competitive practices.

"We need a fair, functional, and competitive marketplace for health insurance and continuing to exempt the insurance industry from fundamental market regulations that apply to all other industries is not the way to achieve that goal" the Congressman continued. "This bill would bring back an insurance marketplace that works for consumers."

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. Congress.

###